GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:94
ANSWERED ON:17.08.2007
COMPLETION OF ON GOING POWER PROJECTS
Masood Shri Rasheed;Singh Shri Prabhunath

Will the Minister of POWER be pleased to state:

(a) whether the Government has any effective policy for the early completion of on-going power projects and for the setting up of new ones in the country;

(b) the details of the power projects completed during 2006-07 and the number of projects which are nearing completion at present;

(c) the details of proposals pending for approval of Central Electricity Authority (CEA) as on date along with their estimated cost, power generation capacity and their completion dates, State-wise;

(d) whether some power equipment manufacturing companies are responsible for the slow progress in the completion of the on-going power projects; and

(e) if so, the reasons therefor along with the concrete steps taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT
STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 94 TO BE ANSWERED IN THE LOK SABHA ON 17.08.2007 REGARDING COMPLETION OF ON-GOING POWER PROJECTS.

(a) : The following steps have been taken by the Government to facilitate the development of power projects:

(i) With the coming into effect of the Electricity Act, 2003 the techno-economic clearance of Central Electricity Authority (CEA) is no longer required for thermal generation projects.

(ii) Concurrence of CEA is now required only for setting up of Hydro electric schemes whose estimated capital expenditure exceeds the notified limits indicated below:-

Rs.2500 crores, provided that:

The scheme is included in National Electricity Plan (NEP) as notified by CEA and conforms to the capacity and type as mentioned in the NEP, and

The site for setting up the hydro generating station has been allocated through the transparent process of bidding in accordance with the guidelines issued by the Central Government.

Rs.500 crore for any other schemes not covered as stated above.

(iii) The Electricity Act mandates that the Central Transmission Utility, State Transmission Utilities and Transmission licencees shall provide non- discriminatory open access to their transmission systems. This has provided flexibility to the generating companies to choose the buyers of electricity generated by them.

(iv) The requirement of obtaining `in principle` approval of the Planning Commission and procedure of examination by Pre Public Investment Board in respect of power projects has been dispensed with in order to reduce the time cycle of sanctioning of public sector projects.

(v) A 50,000 MW hydro initiative has already been launched and the National Electricity Policy lays maximum emphasis on full development of the feasible hydro potential.

(vi) The Tariff Policy, which was notified on 6th January, 2006 provides that all future requirement of power should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a State controlled/owned

company as an identified developer. For Public Sector projects, tariff of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.

(vii) Competitive procurement is required to be done through tariff based bidding which provides flexibility to supplies on internal operations while ensuring certainly on availability of power and tariffs for buyers. Further, the Special Purpose Vehicle (SPV) model which is one of the routes for developing power projects through tariff based bidding ensures tying up of various linkages for the projects before these are handed over to the developers.

In addition, the monitoring mechanism has been strengthened. CEA has appointed a nodal officer for each of the on-going projects. Regular quarterly review meetings with CEA, CPSUs and other stakeholders are being held in the Ministry. In the recently concluded Chief Ministers` Conference it has been resolved to set up a National Power Project Management Board for monitoring the progress and to ensure timely commissioning of the capacity addition and associated transmission projects.

(b) : A capacity addition of about 6853 MW was achieved during 2006-07. Details are given in Annex-I. At present capacity aggregating 50,910 MW is under construction. 1935 MW capacity has been already commissioned in 2007-08 and capacity aggregating 14,400 MW could be completed in 2007-08. Details of these projects are given at Annex−II.

(c) : No proposal, at present, is pending with Central Electricity Authority for according the concurrence.

(d) & (e) : Yes, Sir. Delays in supply of critical equipment has been one of the reasons for slippages in executing the power projects in the recent past. The working of the Bharat Heavy Electricals Limited (BHEL), which is the major manufacturer of plant and equipment in the public sector, is being regularly reviewed by the Ministry of Heavy Industry and Public Enterprises; furthermore, BHEL is augmenting its capacity to 10,000 MW by December, 2007 and further to 15,000 MW by December, 2009.